
wakaf ifi

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Submission date: 02-Jul-2020 03:03PM (UTC+0700)

Submission ID: 1352531835

File name: Financial_Planning_Revisi.docx (56.58K)

Word count: 2893

Character count: 16084

Financial Planning of Inalienable Charitable Endowment for Muslim Professional through Islamic Financial Institutions in Indonesia

Abstract

Several different categories of charity are defined in Islam. One of them is waqf (inalienable charitable endowment under Islamic law). In Islamic terms, waqf refers to a religious endowment i.e. a voluntary and irrevocable dedication of one's wealth or a portion of it - in cash or kind (such as a house or a garden), and its disbursement for sharia compliant projects (such as mosques or religious schools). Waqf is a form of charity for the sake of Allah. It is lawful because it aids in the sustainable development. It also seeks to empower the Muslim society. Because of this, waqf financial planning becomes significant to realize both the benefits of waqf. This study aims to analyze the implementation of Muslim professional financial planning of waqf through Islamic financial institutions (IFIs) in Indonesia from the perspective of Islamic Wealth Management. This research had conducted using qualitative descriptive research methods. Data collected by distributing questionnaires through social media. The results showed that caused by several factors such as socialization, education and use of technology as well as variations in waqf financial planning products through IFI, both Islamic banks, Islamic insurance, shares or CWLS have not been optimal..

Keywords: cash waqf, financial planning, IFIs

Introduction

Amid society, there are at least three phenomena related to waqf. First, endowment assets are physically permanent assets, even though there are other types of endowments, namely endowments of movable property or cash waqf (*waqf al-nuqud*). Second, most waqf property is related to worship both directly and indirectly, such as mosques and graves. This also relates to the understanding of surah al-Baqarah: 261 that the word *infaq* in the way of Allah is interpreted in the context of worship alone. Third, because of that, the general public is directly representative and something difficult to accept if they represent through Islamic financial institutions (IFI).

Cash waqf has historically been practiced within the Ottoman Empire, between the fifteenth to sixteenth centuries, the best advantages of cash (money) waqf were used as government capital, education, welfare, and health (Cizakca 1998). In Bangladesh, the cash waqf model is used for the waqf deposit through the Social Investment Bank and Islamic Bank Bangladesh Limited (Mannan, 1999). Nonetheless, the practice of cash waqf is still less popular with the waqf of immovable property. This is also illustrated in the study of waqf, as the findings of Rusydiana and Alparisi (2016) showed that the topic of waqf research was still dominated by non-cash properties (62%) and then cash waqf (38%). This reveals a general picture of future studies of waqf. In fact, as indicated by Mohsin (2013)

that the manageable for cash *waqf* in financing is not solely in the religious area however additionally in finance numerous products and services required globally, like basic infrastructure, education, social care, health, and industrial activities, addition to opening jobs for some great person.

The potential benefits of *waqf* have been widely studied. Research organized by Boudjellal (1998) and Cizakca (1997) reveal that endowments can overcome many socio-economic problems. Sabra (2000) and Cizakca (2000) explain the concern of the Muslim community about socio-economic development issues and the role of *waqf* institutions to unravel these problems. Other research managed by Stilman (1975), Boudjellal (2008) and Yediydiz (1996) showed that *waqf* has great manageable to promote the improvement of exquisite educational, research, health, defense institutions, and additionally public like water, bridges, and roads. *Waqf* has also greatly appreciably to the development of the socioeconomic reputation of the Muslim community and has established to be a robust tool for reducing poverty amongst them (Cizakca, 1998).

Research on the practice of cash *waqf* through financial institutions, including conducted by Ahmed and Salleh (2016), Shukor et al (2017), Oubdi et al (2018), Ab. Aziz and Nordin (2015), and Sugianto (2019). According to Ahmed and Salleh (2016) that combining zakat and *waqf* with financial literacy is a new perspective. This facet is vital because there is a need to continuously review the methods of zakat and endowments through modern finance, due to changes in non-public finance from one period to another. Organizing zakat and endowments into comprehensive financial planning like money management through sharia savings and microfinance programs assures that indigent people have get admission to financial products and services.

The research of Shukor et al (2017) shows that the level of individual religiosity is the most important aspect in identifying a high-quality towards cash *waqf*, in addition to the factor of trust in *waqf* institutions and comfort. According to Oubdi et al (2018) that *Sukuk-waqf* can be regarded as a perfect tool for mobilizing funds from the Muslim community through regular and sustainable means. It combines Sukuk flexibility and *waqf* sustainability. *Waqf* can be an adequate answer to the socio-economic problems that are hampering development in most Muslim countries. Research Ab. Aziz and Nordin (2015) conclude that Malaysian Muslim communities have positive perceptions related to *waqf*, *wasiyat* and inheritance planning (*faraid*). However, the Malaysian Muslim community in practice very little to include *waqf* planning in planning the distribution of property through the financial industry. This is also illustrated by the research results of Sugianto (2019) which shows that religious financial planning, including *waqf* among Muslim professionals in Medan, is still low except in part related to the pilgrimage.

Once the importance of the integration of cash *waqf* with Islamic financial institutions in terms of *waqf*. This research propose to investigate the implementation of *waqf* planning through Islamic financial institutions in Indonesia.

Theoretical Framework

Waqf (Arabic) comes from the word "waqfa - yaqifu - waqfan" which means to hold, stop, stay still or standstill. The word that has the same meaning is "habasa - yahbisu - habsan". Whereas in the terminology of *fiqh*, it means holding assets that may be taken as well as the substance ('*ain*) of the assets by retaining the right of control over the assets of the person who is a member of the faith; intended for the use of lawful (*mubah*) or use the results for the purpose of goodness with the intention to draw closer to Allah SWT (az-Zuhaili, 1987). Two types of assets can be handed over, namely immovable property, such as land and buildings; and movable property, such as money and shares (Crescent, 2006, UU No. 41/2004 concerning Waqf Article 16: 1).

Waqf planning through Islamic financial institutions is part of religious financial planning as an implementation of the use of assets in the aspect of strengthening diversity. This is because waqf planning through Islamic financial institutions is a type of cash waqf and/or waqf through money related to financial products in the Islamic financial institutions. In the context of Islamic wealth management, waqf financial planning is part of financial religiosity planning, namely efforts to manage finances (assets) for religious needs and expenses in the way of Allah. A complete picture of Islamic wealth management can be seen in figure 1 (Sugianto, 2018).

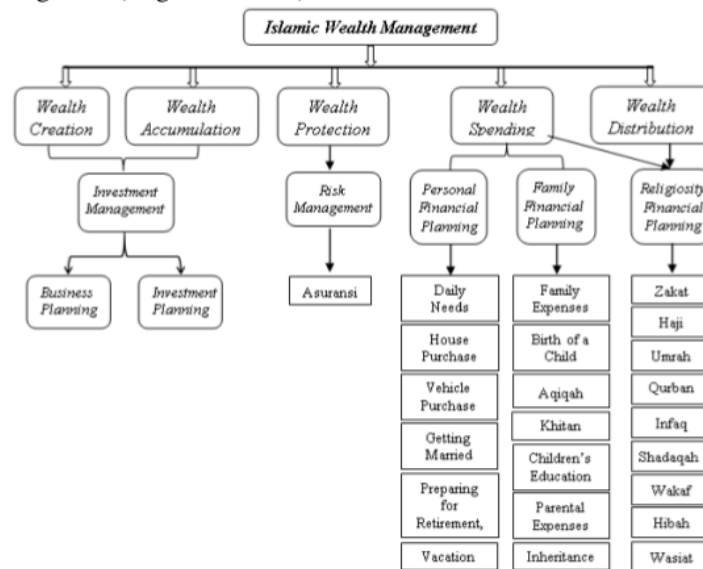


Figure 1. Overview of Islamic Wealth Management

Research Methods

This research had conducted using qualitative descriptive research methods. Informants as the chosen research subjects are *waqif* (people who give wakaf) from Muslim professionals. Because the target of the reseach is the *cash waqf*, the *waqif* are customers

of Islamic financial institutions, namely Islamic banks and Islamic insurance. Determination of the subject of this study by a snowball, which starts from key informants by utilizing social media groups. Data collection techniques used are also adjusted to the level of difficulty in selecting informants, namely by distributing questionnaires through social media, namely through *WhatsApp* which is used to obtain information about research questions to the *waqif*, this is due to *waqif* being customers of sharia financial institutions that are kept confidential. The instrument used was an online-based questionnaire using the *Google Form* application.

Finding and Discussion

Questionnaires were distributed from several *WhatsApp* groups that filled out the questionnaire only 22 people, consisting of 15 men and 7 women. Based on its age, the most is the age group of 46-50 years, which is 29.41%. If seen from the distribution of the area of residence of the respondent, there are 14 regions, as can be seen in table 1.

Table 1. Distribution of Respondent Residential Areas

No	Residential Area	n	%
1	DKI Jakarta	4	18,18
2	Tangerang, Banten	1	4,55
3	Kota Serang, Banten	1	4,55
4	Bandung, Jawa Barat	2	9,09
5	Bekasi, Jawa Barat	1	4,55
6	Jogjakarta	1	4,55
7	Solo, Jawa Tengah	1	4,55
8	Purwokerto, Jawa Tengah	1	4,55
9	Surabaya, Jawa Timur	3	13,64
10	Gresik, Jawa Timur	1	4,55
11	Lhokseumawe, NAD	1	4,55
12	Pekan Baru, Riau	3	13,64
13	Muara Enim, Sumatera Selatan	1	4,55
14	Medan, Sumatera Utara	1	4,55
Total		22	100,00

Information obtained from *waqif* consists of general knowledge about *waqf*, financial planning, *waqf* planning, and cash *waqf* through Islamic financial institutions. Based on the results of the respondents' answers as shown in table 2 it can be concluded that in general *waqf* respondents had good general knowledge about *waqf*.

Table 2. Recapitulation of the *Waqif* Answers on *Waqf* Knowledge

No	Statement	Agree		Disagree	
		n	%	n	%
1	The eternal value of <i>waqf</i> worship	20	90,91	2	9,09

2	The law of <i>waqf</i> must be the same as zakat	6	27,27	16	72,73
3	<i>Waqf</i> objects may be movable and immovable property	20	90,91	2	9,09
4	Cash <i>Waqf</i> is the <i>waqf</i> of movable property	22	100,00	0	0,00
5	<i>Waqf</i> through IFI is cash <i>waqf</i>	18	81,82	4	18,18
6	IFI is allowed to function as <i>nazir waqf</i>	14	63,64	8	36,36
7	<i>Nazir waqf</i> is an endowment benefit management agency through IFI	18	81,82	4	18,18
8	Cash <i>waqf</i> can be managed productively	22	100,00	0	0,00
Average		17,50	79,55	4,50	20,45

Most of the *waqif* who were respondents in this study had conducted financial planning. The most personal needs included in personal financial planning are homeownership, then investment. While the family needs that are included in most personal financial planning are children's education. The use of IFI in personal financial planning is quite good. Respondents also make financial planning specifically to meet religious needs. While the component of the religious needs of respondents included in financial planning is the majority of pilgrimage. Financial planning for religious needs, especially pilgrimage, mostly uses IFI. The results of this study are not much different from the research results of Sugianto (2019) which shows that religious financial planning, including *waqf* among Muslim professionals in Medan, is still low except in part related to the pilgrimage. Similarly, the use of IFI for planning is not large enough.

Related to *waqf* planning, most respondents make *waqf* plans, but the type of *waqf* property planned is the largest movable property. It's just that there are still lots of movable *awqaf* made directly to *Nazir waqf* and only a few are through Islamic financial institutions. Consideration of respondents representing directly through the most widely used *waqf* for reasons that *Nazir waqf* is an institution that has a reputation for managing *waqf*. Yet according to Ahmed and Salleh (2016) desegregating zakat and *waqf* into inclusive financial planning assures that the indigent have get admission to financial products and services.

Consideration of respondents planning to contribute to the most of Islamic banking as well as the selection of direct representatives through *Nazir*, namely the consideration that the Islamic Bank cooperates with the reputed endowments (*nazhir*), then followed by the consideration that Islamic Bank products make it easier to represent. Half of the respondents think that ease of sharing through Islamic banks because of the variety of products offered by Islamic banks provide ease of sharing through various products. Besides, Islamic banks already have *waqf* technology applications, although they are not yet satisfactory. Most *waqf* through IFI are perpetual endowments.

The consideration of the majority of respondents representing through sharia insurance companies is the consideration that Sharia Insurance cooperates with reputed

endowment (*Nazir Waqf*). However, respondents assume that the Sharia Insurance company does not have a variety of products that make it easy to represent. Likewise, the application of technology used by Islamic insurance companies is inadequate. The types of insurance company products that are integrated with *waqf* are the most preferred *waqf* for the benefits of sharia insurance investments. Therefore, respondents advised that Islamic insurance companies conduct wider socialization and strengthen variations in insurance products related to *waqf*.

Respondents' considerations of having representatives through sharia shares as for the consideration of having representatives through *Nazir*, Islamic banks, and Islamic insurance are considerations that asset management companies collaborate with *Nazir* reputable representatives. Respondents also gave reasons to represent shares, because stock products from asset management companies were integrated with *waqf* and product variations including mutual funds and others were also integrated with *waqf*. Regarding technology applications used by asset management companies that have good technology applications.

The consideration of respondents planning to represent themselves through *Cash Waqf Linked Sukuk* (CWLS) is that the company cooperates with a representative *Nazir waqf*. The type of *waqf* CWLS was chosen by respondents is temporary. According to respondents, CWLS products have used technology applications that are integrated with Islamic Banks.

Based on the description of the findings above, it shows that in general *waqif* respondents have made *waqf* financial planning. It's just caused by several factors such as socialization, education and use of technology as well as variations in *waqf* financial planning products through IFI, both Islamic banks, Islamic insurance, shares or CWLS have not been optimal.

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Conclusion

1 This research was conducted to investigate the implementation of *waqf* planning by *waqif* through Islamic financial institutions in Indonesia. Based on the results of the study showed that in general *waqif* had made *waqf* financial planning. It's just caused by several factors such as socialization, education and use of technology as well as variations in *waqf* financial planning products through IFI, both Islamic banks, Islamic insurance, shares or CWLS have not been optimal.

The limitation of this research is the limited scope of *waqif* in the study. This is due to the technical factors of financial institutions. Therefore, further research can reach a wider *waqif*. Another thing is the breadth of the research problem. Future studies can focus on more specific problems but with deeper studies both in qualitative and quantitative research.

The results of this study also recommend the dissemination and education of cash *waqf* by all relevant stakeholders to mobilize *waqf* through IFI.

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